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ABSTRACT

This report provides information on the proposed Child Care and Development Block Grant Amendments Act of 1995, which reauthorizes and amends the Child Care and Development Block Grant Act of 1990. It also makes changes in the 1990 law to give states greater flexibility in designing their child care system, provides greater emphasis on parental choice, consolidates various federal child care programs, and removes barriers to providing child care for Indian tribes. Section 1 provides a summary of the bill, while Section 2 outlines the background and need for the legislation. Section 3 describes the legislative history and committee action that affected the bill, while Section 4 contains the views of the Senate Committee on Labor and Human Resources in regard to the bill. Section 5 provides a cost estimate of the legislation; Section 6 contains a regulatory impact statement. Section 7 contains a section-by-section analysis of the bill, and Section 8 details the changes that the bill will enact to existing law. (MDM)

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104TH CONGRESS
1st Session

SENATE

REPORT
104–94

ED 384 436

CHILD CARE AND DEVELOPMENT BLOCK GRANT AMENDMENTS ACT OF 1995

JUNE 8 (legislative day, JUNE 5), 1995.—Ordered to be printed

Mrs. KASSEBAUM, from the Committee on Labor and Human Resources, submitted the following

REPORT

[To accompany S. 850]

The Committee on Labor and Human Resources, to which was referred the bill (S. 850) to amend the Child Care and Development Block Grant Act of 1990 to consolidate Federal child care programs, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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The Child Care and Development Block Grant Amendments Act of 1995 reauthorizes and amends the Child Care and Development Block Grant Act, which was enacted into law on November 5, 1990, as part of the Omnibus Reconciliation Act of 1990. The Child Care and Development Block Grant Act was enacted to provide low-income working families with subsidies for child care and to improve the quality and availability of child care. The Child Care and Development Block Grant Amendments Act of 1995 reauthorizes the 1990 law with several important changes. This legislation provides States with funding for child care subsidies and activities to improve the quality and availability of child care through a consolidated child care program.

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I. SUMMARY OF THE BILL

A. PURPOSE

The Child Care and Development Block Grant Amendments Act of 1995 reauthorizes and amends the Child Care and Development Block Grant Act of 1990, which was originally enacted to provide low-income working families with assistance for child care services and to improve the quality and availability of child care. The purpose of this legislation is to make improvements to the 1990 law by: (1) giving States greater flexibility in designing their child care system; (2) providing greater emphasis on parental choice; (3) consolidating Federal discretionary child care programs and other child care funding into one seamless system of child care services; and (4) removing barriers to providing child care for Indian tribes. This legislation provides States with funding for child care subsidies and activities to improve the quality and availability of child care through a consolidated child care program.

B. AUTHORIZATION

The Child Care and Development Block Grant (CCDBG) is amended to include two discretionary programs, the State Dependent Care Planning and Development Grants and the Child Development Associate Credential (CDA) Scholarships, into a discretionary block grant with no State match required. This is consistent with the current CCDBG structure. The authorization for fiscal year 1996 is $1,000,000,000 and such sums as necessary through the year 2000.

C. STATE REQUIREMENTS

1. The health and safety standards included in the CCDBG when it was enacted in 1990, are maintained. These standards are broadly defined, and States continue to have broad discretion in enforcing them. The standards are: (1) the prevention and control of infectious diseases; (2) building and physical premises safety; and (3) minimum health and safety training appropriate to the provider setting. Providers receiving funds from the block grant (via contract or parent voucher) must meet any existing State and local licensing and regulatory requirements.

2. The quality set-aside, which is part of the 1990 act, is maintained. However, it is more broadly defined and gives States discretion in how they choose to spend the money. The only required quality activity is that States must provide consumer education to encourage maximum parental choice and improve availability of child care through a comprehensive referral and resource system. The set-aside is 15 percent of the State allotment.

3. States are required to submit a plan, similar to what they currently provide under the CCDBG, which designates a lead agency and outlines procedures for assuring parental choice of providers, parental complaints, consumer education, and compliance with State and local licensing and health and safety requirements.

4. States are required to submit a report to the Secretary of Health and Human Services (HHS) every 2 years specifying how they used the money, the number of children who were assisted,

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activities that were implemented to encourage a public-private partnership, and the extent and manner in which they implemented a resource and referral network.

5. States are required to establish a sliding fee scale that ensures a representative distribution of participation among low-income working families and welfare recipients.

6. States may not expend more than 5 percent on administrative costs.

7. If States expend monies for child care from other Federal funding sources, then this funding will be distributed through the State system established under the CCDBG. This will reduce Federal regulations and requirements by establishing one consolidated child care program. This will also provide beneficiaries with more stability in child care since eligibility requirements will be streamlined.

D. ENFORCEMENT MECHANISMS

If a State is determined (via the HHS appeals and hearing process) to have improperly expended the block grant funds, the Secretary is given the option of: (1) imposing additional requirements to ensure State compliance or correct areas of noncompliance with the act; (2) require States to repay funds improperly expended; (3) deduct from the administrative portion of the State allotment an amount less than or equal to the improperly expended funds; (4) or a combination of these options.

E. INDIAN TRIBES

The following provisions have been added for Indian tribes: (1) allowing tribes to use funds for facilities construction if the Secretary of HHS determines that this is a barrier to providing child care (this applies only to Indian tribes); (2) allowing any tribal allotments that are not expended to be redistributed to other tribes, which is similar to the provisions governing unused State allotments; and (3) exempting tribes from State licensing requirements and allowing the Secretary, in consultation with the tribes, to develop minimum standards for child care providers that takes into account tribes' needs and available resources. The set-aside for Indiana tribes of "up to 3 percent" remains unchanged from the 1990 law.

F. PROGRAMS TO BE CONSOLIDATED

Child care and development block grant

Discretionary grant program to help low-income parents pay for child care, to expand early childhood development programs to improve the availability and quality of care. No State match is required. For fiscal year 1995, $935 million was appropriated.

State dependent care planning and development grants

Discretionary grant program for child care resource and referral and for before- and after-school child care services. Provides a 75 percent Federal matching rate to States. For fiscal year 1995, $13 million was appropriated.

Child development associate credential (CDA) scholarships

Discretionary grant program to States to provide scholarships to qualified child care workers to cover the cost of the CDA application, assessment, and credentialing. This credential is awarded by the Council for Early Childhood Professional Recognition. No State match is required. For fiscal year 1995, $1 million was appropriated.

II. Background and Need for Legislation

Dependable, high-quality child care is a universal need among working parents. However, not all working parents have access to such care because it is either not available, or not affordable. The search for reliable, acceptable child care can be particularly difficult for working parents with limited resources, and for parents who are dependent on welfare yet are trying to become self-sufficient through work or training. According to a 1994 General Accounting Office (GAO) report, affordable child care is a "decisive" factor affecting the likelihood of low-income mothers to work. The GAO predicted that child care subsidies would dramatically increase the number of poor who would work by 52 percent.

Federal leadership is crucial to support the availability of quality child care services, particularly in the context of welfare reform and consideration of proposals that could significantly increase the participation of low-income parents in the work force. If State and Federal welfare reform initiatives are to be successful, child care services must be available for those struggling to earn their way off welfare, and for low-income working families who could become dependent on welfare in the absence of affordable child care.

In 1988 and 1990, Congress recognized the need for affordable, quality child care for low-income families, and elevated the Federal role in child care by enacting four programs to subsidize services for various categories of low-income families, ranging from welfare recipients required to participate in education and training activities to non-welfare working families with low incomes. Although these programs have allowed many families to work and remain self sufficient, they have resulted in a bureaucratic maze that is difficult for States to administer and often results in disrupted services for children as the economic circumstances and program participation of their parents change. Moreover, subsidized child care programs still serve only a small part of the eligible population and waiting lists for services exist in almost all States. The GAO found in 1994 that many States use funds intended for the working poor for families on AFDC and that 5 of 6 states they visited maintained waiting lists for subsidies—40,000 long in Texas.

History of Current Child Care Programs

The Family Support Act of 1988 (P.L. 100–485) amended Aid to Families with Dependent Children (AFDC) to require States to "guarantee" child care services for welfare recipients who are required to participate in education, training, or work activities. This provision was based on the concept of a mutual obligation; i.e., that the welfare parent had a duty to prepare for work through education and training and that, in return, the welfare agency would

provide a cash welfare benefit, training and work activities, and necessary support services such as child care and medical coverage. Prior to enactment of the Family Support Act, Federal law recognized the child care needs of AFDC families only by allowing State agencies to disregard a certain amount of work-related child care expenses from the family's income when calculating eligibility and benefit levels.

In addition to the child care entitlement for AFDC recipients in education or training, the Family Support Act also created a program known as Transitional Child Care. This program requires States to continue to guarantee child care services, for up to 12 months, to families that have lost AFDC eligibility because of increased earnings, but who need child care to remain employed. This program was intended to address the concern that a lack of affordable child care is often a barrier in the process of leaving welfare for work, or for remaining off welfare.

Despite enactment of the Family Support Act in 1988, debate continued in Congress about the availability, affordability, and quality of the Nation's child care services, including the extent to which the child care needs of non-welfare, low-income working families were being met. In 1990, Congress agreed on a child care package that created two new State grant programs: the Child Care and Development Block Grant, and the At-Risk Child Care program. Both programs were included in the Omnibus Budget Reconciliation Act of 1990 (P.L. 101–508).

These two programs are self-contained and were developed largely independent of one another; however, they share certain broad policy goals. First, both programs are aimed at improving the availability of child care services for low-income working families. Second, both programs provide flexibility to States in administering and delivering child care services. Third, both programs contain features emphasizing parental choice. And finally, both rely on States, rather than the Federal Government, to regulate child care. Differences between the two programs relate to State administration, payment rates, eligibility, sectarian care, and funding. In addition, the CCDBG differs from the At-Risk and other child care programs by having a portion of funds set aside for activities to improve the quality of child care services.

Together with the three AFDC-related child care programs, the CCDBG has made significant contributions in meeting the child care needs of low-income families. Nevertheless, while the welfare-related child care programs have increased the level of resources available, they also have complicated the design and delivery of child care services due to different eligibility criteria and other requirements. Based on field research conducted in several States, in testimony before the committee in March 1995, the GAO reported that serious service gaps exist as a result of these different requirements. These gaps can interfere with a parent's ability to work or to look for work. In particular, GAO found service gaps resulting from different categorical and income eligibility criteria in the various programs, restrictions in 2 programs on the provision of child care while parents are engaged in job search, and time limits in 1 program on the duration of subsidized child care.

The purposes of the Child Care and Development Block Grant Amendments Act of 1995 are to streamline Federal support for child care by combining existing discretionary programs into a single grant to States and to improve and build upon the strengths of the CCDBG. Two small discretionary programs—State Dependent Care Planning and Development Grants and Child Development Associate Scholarship Assistance—will be consolidated into the CCDBG. Under a key feature of the legislation, all Federal funds used by States for child care, regardless of their source, will be governed by a single set of rules and requirements. Using the existing State systems developed to implement the CCDBG in 1990, these rules and regulations are designed to give flexibility to States in administering their child care programs and to assure continuous services to families regardless of changes in their work or welfare status. Use of a sliding fee scale will enable States to serve all low-income working families, including those dependent on welfare, through a single program.

Under the proposal, minimum Federal health and safety standards now required by the CCDBG will be maintained and will apply to all federally funded child care. The proposal addresses the need to improve the quality of available child care services by maintaining a set-aside for quality improvement activities, but giving States greater flexibility in the use of the funds. States will be required to provide comprehensive consumer education information to parents through referral and resource activities that will enhance access to quality child care and honor parental choice. Beyond this requirement, States will have increased discretion in the use of quality improvement funds.

The legislation makes other improvements in the current CCDBG designed to enhance State flexibility and make child care services more responsive to the needs of low-income families. The legislation also includes several important provisions intended to improve the availability of quality child care services for Native American children.

III. Legislative History and Committee Action

A hearing was held on February 16, 1995, on the Child Care and Development Block Grant in the Committee on Labor and Human Resources' Subcommittee on Children and Families. The Committee on Labor and Human Resources held a hearing on the impact of welfare reform on child care on March 1, 1995.

Senate bill 850 was introduced on May 24, 1995, by Senators Kassebaum, Coats, Jeffords, Kennedy, Dodd, and Inouye and was referred to the Committee on Labor and Human Resources. The Committee on Labor and Human Resources considered S. 850 in an executive session held on Friday, May 26, 1995. No amendments were offered. The bill was adopted by a unanimous roll call vote and reported favorably to the full Senate.

IV. COMMITTEE VIEWS

GENERAL GOALS

The committee has two general goals for this legislation: (1) to consolidate and streamline Federal child care programs into a seamless system of child care services; and (2) to preserve the accessibility and affordability of quality child care for low-income working families as well as families transitioning off welfare assistance.

SECTION 2

Section 2 of the bill makes several amendments to the Child Care and Development Bloc Grant Act of 1990.

Section 2(a)

Section 2(a) authorizes $1 billion for fiscal year 1996 and such sums as may be necessary for each of fiscal years 1997 through 2000. The committee believes that it is important to preserve current Federal funding for child care with potential for growth to account for inflation, particularly as Congress and the States attempt to move more welfare recipients into the workplace.

Section 2(b)

States are given greater discretion in determining the appropriate lead agency (governmental or nongovernmental) to administer the program. This section also requires that States give sufficient notice of public hearings on the development of the State plan. The committee included this provision in order to ensure that all interested parties have an opportunity to participate in the development of the State plan.

Section 2(c)

Section 2(c) includes several amendments. The committee included a provision to replace the requirement that providers not subject to licensing or regulation be registered with the State with a requirement that the State implement mechanisms to ensure proper payment to such providers. The purpose of this is to ensure that such providers are not subject to burdensome requirements. This provision does not exempt these providers' from complying with requirements of this Act, such as the minimum health and safety standards. It is not the intent of this committee to restrict or in any way discourage States from providing information that may be educational or helpful to such providers.

This section also includes an amendment that would require the Secretary of Health and Human Services to develop minimum standards for Indian tribes and tribal organizations in lieu of State licensing requirements. The Secretary is to take into consideration the tribe's needs and available resources. This amendment recognizes that tribes are sovereign and have unique child care needs that need to be addressed appropriately.

The committee has eliminated several requirements for the State plan in order to reduce burdensome requirements on States. The committee has maintained a set-aside for States for use to improve the quality of child care and increase the availability of before- and

after-school care, infant care, and after-hours care (child care provided between the hours of 5 p.m. and 8 a.m.). States have been given greater flexibility in the use of these funds. The quality set-aside has been demonstrated to be critical in improving the quality of child care. According to a recent national study of center-based child care, entitled "Cost, Quality, and Child Outcomes" (January 1995), "Child care at most centers in the United States is poor to mediocre, with almost half of the infants and toddlers in rooms having less than minimal quality." As Congress and the States proceed with welfare reform, the demand for child care will increase dramatically as more and more welfare recipients are required to work. Even if Congress makes no changes to the current welfare system, waiting lists for child care already exist in almost every State. If the quality set-aside is not preserved, States will not have funds available to improve the quality of child care.

A cap of 5 percent on administrative costs is included in the act. To help States implement this provision, the committee expects the Department of Health and Human Services to issue regulations, in a timely manner and prior to the deadline for submission of State plans, that define and determine true administrative costs, as distinct from expenditures for services. The committee does not view the following as administrative costs: eligibility determination and redetermination, preparation and participation in judicial hearings, child care placement, management (licensing, inspection, plan development, reviews and supervision), recruitment of child care homes and institutions, rate setting, resource and referral, training, automation and data collection costs. All of the aforementioned are an integral part of service delivery and should not be considered administrative costs.

Section 2(d)

This section maintains the requirement that States implement a sliding fee scale, however, a new provision was added requiring States to ensure that "there is a representative distribution of funding among the working poor and recipients of Federal welfare assistance." The act also requires States to extend the sliding fee scale from its current limit of 75 percent of the State median income to 100 percent of the State median income. The committee included these amendments to ensure that low-income working families would receive subsidies under this act. Due to limited resources and an inability to fund AFDC-JOBS match rates, States have used an increasing amount of funds received under Child Care and Development Block Grant to provide child care for welfare recipients. This has resulted in many low-income working families, who are eligible for subsidies, being placed on a waiting list. In addition, the committee believes that families should make some contribution, where feasible, to cover the costs of child care for their children. This reinforces the shared responsibility between parents and the government. However, the committee believes these funds should be distributed equitably among eligible recipients.

Section 2(e)

This section requires States to use their quality improvement set-aside for referral and resource activities in addition to any of

the other allowable activities States choose. The committee intends that this provision will give States greater flexibility in their use of set-aside funds. States will be required to use some portion of their quality improvement funds for resource and referral systems that provide comprehensive consumer education information to parents. However, it is the intent of the committee that States also use part of their set-aside funds for other activities to enhance the quality and availability of child care services. The committee included language which allows States to use funds to increase the availability of before- and after-school care, infant care, and care between the hours of 5 p.m. and 8 a.m. The committee included these as allowable activities under the quality set-aside in recognition of the increasing demand for and scarcity of such care.

This section also includes language that prohibits States from discriminating against providers, who are legally operating in a State, but not required to be regulated by the State, who want to participate in resource and referral systems. Such participation is entirely voluntary on the part of the providers. The committee believes that States should identify such providers as legally operating and unregulated when distributing information to parents and the public.

Section 2(f)

The committee repeals the requirement that States use a portion of the quality set-aside for increasing the availability of before- and after-school care and early child development. These activities, instead, become allowable activities under the quality set-aside. Nothing in this act prohibits States from using funds allocated toward child care subsidies to increase the availability of before- and after-school care and early childhood development activities. The committee would encourage States to use funds for increasing the number and availability of child care providers, if the lack of supply is a barrier to providing child care.

Section 2(g)

The committee eliminates the requirement that the Secretary withhold further payments to a State when a State is found noncompliant until the noncompliance is corrected. The committee chose to strike this provision as it did not want to penalize recipients of child care assistance by withholding payments to States indefinitely. Instead, the committee decided to provide the Secretary with discretion in sanctioning States. The Secretary is given the option of imposing additional requirements on the State, requiring a State to reimburse the Secretary the amount that was improperly expended, deduct from the State's administrative allotment an amount equal to or less than the misspent funds, or any combination of these options. The committee believes it is important that any sanctions should be designed to ensure the States' compliance while limiting the impact of those sanctions on the families dependent upon Federal assistance to meet their child care needs.

Section 2(h)

The committee amends the act to reduce State reporting requirements and to require States to submit reports biennially instead of

annually. The committee intends to relieve States of overly burdensome reporting requirements.

Section 2(i)

The committee has amended the act to require the Secretary to report to Congress biennially. This is consistent with the States requirement to submit reports biennially.

Section 2(j)

Indian tribes and tribal organizations are allowed to use funds for construction or renovation of facilities with the approval of the Secretary. This provision is intended to assist tribes that are not able to provide child care services under this act because of the lack of appropriate facilities. Lack of adequate facilities is a barrier to offering child care services that Indian tribes and tribal organizations often face. The other provision under this section gives Indian tribes and tribal organizations the same benefit that States currently receive—the reallocation of unused tribal funds to other tribes or tribal organizations in proportion to the original allotments under this act. Previously, unused tribal funds were returned to the Federal Treasury. This provision ensures that Indian tribes and tribal organizations are provided the opportunity to utilize fully funds set aside for their use.

Section 2(k)

This section adds a provision allowing funds under this act to be used for a deposit if a deposit is ordinarily required by the child care provider. The committee is concerned that many child care providers regularly require parents to pay a deposit before their children are enrolled for services, and that such deposits can be barriers to receiving services for poor families who lack the funds to pay them. The committee intends that this provision will eliminate this barrier by allowing States to use CCDBG funds to pay these deposits when necessary to enable a family to receive child care services.

This section also expands the definition of who can be considered an eligible relative child care provider in order to remove barriers to providing child care services under this act, particularly for Indian tribes and tribal organizations. Added to the definition of relative child care provider are great grandchild and sibling when the sibling lives in a separate residence from the child. These providers will have to comply with any applicable requirements that govern child care provided by a relative, be that State requirements or tribal requirements.

Section 2(l)

This section requires that any Federal funds used by States for child care services must comply with the requirements, standards, and criteria of this act. In addition, these funds will also be subject to any regulations that are promulgated under this act. States must submit a uniform State plan concerning the State's child care system that includes how the State will consolidate Federal funds into one State child care system. The committee does not intend this provision to apply to Federal funds used for children's nutri-

tion programs, such as the Child Care and Adult Food program; for programs that provide comprehensive services to children and families in which child care may be one of the services, such as the Head Start program and the Chapter 1 program; or for programs that provide child care for a specific population, such as the military programs and Native Hawaiian Family Centers. This provision applies to Federal funds allocated to the States that are used to provide child care assistance and are subject to State requirements

Under current law, States receive Federal funds that are used for child care under several different programs with different eligibility criteria, standards provisions, and other requirements. It is the committee's intent that States administer all Federal funds used for child care under a single set of rules and requirements, regardless of the Federal source of these funds. The committee expects that this provision will result in more efficient State administration of child care services and will facilitate the establishment of a "seamless" delivery system, so that families are not faced with disruption in their child care arrangements due to changes in economic circumstances or participation in other programs (i.e., welfare, job training, educational programs).

SECTION 3

The committee has conveyed its view that child care is a critical component in the success of welfare reform and that the Federal Government has a responsibility to provide funding and leadership with respect to child care. Nothing in this section should be construed to indicate or suggest the committee's view on entitlement or other mandatory funding mechanisms for the CCDBG.

V. COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 1, 1995.

Hon. NANCY LANDON KASSEBAUM,
Chairman, Committee on Labor and Human Resources, U.S. Senate, Washington, DC.

DEAR MADAM CHAIRMAN: The Congressional Budget Office has reviewed S. 850, the Child Care and Development Block Grant Amendments of 1995, as ordered reported by the Senate Committee on Labor and Human Resources on May 26, 1995.

CBO estimates that enactment of S. 850 would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply to the bill.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Dorothy Rosenbaum.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 850.

2. Bill title: Child Care and Development Block Grant Amendments of 1995.

3. Bill status: As ordered reported by the Senate Committee on Labor and Human Resources on May 26, 1995.

4. Bill purpose: S. 850 would extend the authorization of appropriations for the Child Care and Development Block Grant through 2000. Currently the program is authorized only through 1995. The bill authorizes to be appropriated $1 billion in 1996 and such sums as may be necessary through 2000.

5. Estimated cost to the Federal Government: The budgetary effects of the legislation are summarized below, both with and without adjusting the authorization for inflation after 1996.

(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	2000
Spending under current law:						
Budget authority[1]	935	.....	.....	.....	.....	.....
Estimated outlays	918	947	418	65	0	0
With adjustment for inflation						
Proposed changes:						
Estimated authorization	.....	1,000	1,034	1,071	1,107	1,146
Estimated outlays	.....	300	969	1,251	1,087	1,125
Projected spending under S. 850:						
Estimated authorization[1]	935	1,000	1,034	1,071	1,107	1,146
Estimated outlays	918	1,247	1,386	1,316	1,087	1,125
Without adjustment for inflation						
Proposed changes:						
Estimated authorization	.....	1,000	1,000	1,000	1,000	1,000
Estimated outlays	.....	300	950	1,200	1,000	1,000
Projected spending under S. 850:						
Estimated authorization[1]	935	1,000	1,000	1,000	1,000	1,000
Estimated outlays	918	1,247	1,368	1,265	1,000	1,000

[1] The 1995 figure is the amount actually appropriated for that fiscal year.

Note: Details may not add to totals due to rounding.

The costs of this bill fall within budget function 600.

6. Base of estimate: S. 850 reauthorizes the Child Care and Development Block Grant at $1 billion in 1996 and such sums as may be necessary through 2000. CBO estimates the authorization in years after 1996 under two scenarios. Under the first scenario, the stated amount for 1996 is adjusted for projected inflation. Under the second scenario, the projected authorization level is equal to the stated amount for 1996. Estimated outlays assume full appropriation of amounts authorized.

In recent fiscal years, including 1995, the appropriation for the Child Care and Development Block Grant has stipulated that funds shall not be available for obligation until the last day of the fiscal year. Thus, CBO's budget projections for this program assume that outlays from 1995 and prior years' budget authority will be delayed. This estimate, however, assumes that the obligation delay will not continue in fiscal years after 1995. Therefore, outlays in 1996 through 1998 are estimated to be higher than they would be if the appropriators continued the obligation delay.

The bill would also repeal the State Dependent Care Development Grants Act and the Child Development Associate Scholarship Assistance Act. Because the current authorization of appropriations for these two programs ends after 1995, CBO does not estimate any

change in the level authorized to be appropriated for these programs.

Section 2(l) of the bill would require that all programs providing child care services and using federal funds meet the requirements, standards, and criteria of the Child Care and Development Block Grant. Because CBO has no basis for interpreting what child care services would be affected, we do not estimate any effect on the federal budget. However, if the language were interpreted broadly, a wide variety of programs could be affected, including the Child and Adult Care Food Program, where children from families with incomes above 100 percent median state family income are served. Committee staff indicate that the committee report will make clear that a narrow interpretation is intended.

7. Pay-as-you-go considerations: If section 2(l) were interpreted broadly, direct spending could be affected by the bill. Otherwise, pay-as-you-go procedures would not apply.

8. Estimated cost to State and local governments: The bill limits administrative costs to five percent of the amount of payments under the block grant. To the extent that a state spends a higher percentage on administration, the state would have to either lower its administrative costs or spend more state funds.

9. Estimate comparison: None.

10. Previous CBO estimate: None.

11. Estimate prepared by: Dorothy Rosenbaum.

12. Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

VI. Regulatory Impact Statement

The committee has determined that there will be minimal increases in the regulatory burden imposed by this bill.

VII. Section-by-Section Analysis

Section 1 establishes the short title of the act to be the "Child Care and Development Block Grant Amendments Act of 1995."

Section 2 contains amendments to the Child Care and Development Block Grant Act of 1990.

Section 2(a) amends section 658B of the act to authorize appropriations as follows: $1 billion for fiscal year 1996, and such sums as may be necessary for each of fiscal years 1997–2000.

Section 2(b) amends section 658D(b) of the act to allow the State lead agency to administer financial assistance received under the act through other "governmental or nongovernmental" agencies (instead of other "State" agencies); to require that "sufficient time and Statewide distribution of the notice" be given of the public hearing on development of the State plan; and strikes language on issues that may be considered during consultation with local governments on development of the State plan.

Section 2(c)(1) amends section 758E(b) of the Act to require that State plans cover a 2-year period, instead of 3 years for the initial plan and 2 years for subsequent plans.

Section 2(c)(2) amends section 658(c) of the act to strike an outdated provision; to replace the requirement that providers not subject to licensing or regulation be registered with the State with a

requirement that the State implement mechanisms to ensure proper payment to providers; to require the Secretary to develop minimum standards for Indian tribes and tribal organizations receiving assistance under the act, in lieu of State or local licensing or regulatory requirements; to strike subparagraphs (H) and (I) related to reduction in standards and reviews of State licensing and regulatory requirements; and to reserve 15 percent of each State's allotment for activities to improve quality of child care, a reduction from the 25 percent for both quality improvement and before- and after-school child care services contained in the 1990 law.

Section 2(c)(2) also amends section 658(c) of the act to add new language that places a 5 percent limit on State use of funds for administrative costs.

Section 2(d)(1) amends section 658E(c)(5) of the act to require that the sliding fee scale developed by the State "ensures a representative distribution of funding among the working poor and recipients of Federal welfare assistance."

Section 2(d)(2) amends section 658P(4)(B) of the act to change the definition of "eligible child" to one whose family income does not exceed 100 percent of the State median, increased from 75 percent.

Section 2(e) amends section 658(G) of the act to require States to use their quality improvement set-aside for resource and referral activities, including "providing comprehensive consumer education to parents and the public, referrals that honor parental choice, and activities designed to improve the quality and availability of child care," and for one or more "other activities," which include those listed in the current section 658G, plus activities to increase the availability of before- and after-school care, infant care, and child care between the hours of 5 p.m. and 8 a.m.

Section 2(e) also adds new language to section 658G of the act that will prohibit States from discriminating against providers that wish voluntarily to participate in resource and referral systems, that are operating legally within the State but that are exempt from State licensing requirements.

Section 2(f) repeals section 658H of the act related to early childhood development before- and after-school services.

Section 2(g) amends section 658I(b)(2)(A) of the act to strike the requirement that the Secretary withhold further payments to a State, in case of a finding of noncompliance, until the noncompliance is corrected. Instead, the amendment authorizes the Secretary, in such cases, to impose additional program requirements on the State, require that the State reimburse the Secretary for any improperly spent funds, or deduct from the administrative portion of the State's subsequent allotment an amount equal to or less than the misspent funds, or a combination of such options. The amendment also strikes sections 658I(b)(2)(B) and (C) related to additional sanctions and notice of such additional sanctions.

Section 2(h) amends section 658K of the act to require States to submit reports every 2 years, rather than every year, with the first report due no later than December 31, 1996. The amendment also consolidates current requirements that States include information in these reports on the type of Federal child care and preschool programs serving children in the State, and requires States to de-

scribe the extent and manner to which resource and referral activities are being carried out by the State. The amendment strikes the current requirement for information on the type and number of child care programs, providers, caregivers, and support personnel in the State, and strikes the provision related to review findings of State licensing and regulatory requirements.

Section 2(i) amends section 658L of the act to require the Secretary to prepare and submit bi-annual reports, rather than annual, with the first report due no later than July 31, 1997; and replaces the reference to the House Education and Labor Committee with the House Economic and Educational Opportunities Committee.

Section 2(j) amends section 658O(c) of the act, related to payments for the benefit of Indian children, to add new provisions allowing the use of funds by Indian tribes or tribal organizations for construction or renovation of facilities, upon request by the tribe or tribal organization and subject to approval by the Secretary. Section 2(j) also amends section 658O(e) of the act to allow the Secretary to reallocate any funds provided to a tribe or tribal organization that are not required under the tribe or tribal organization's plan to other tribes or tribal organizations in proportion to the other tribes or tribal organizations original allotments in the period for which the allotment is made available.

Section 2(k)(1) amends section 658P(2) of the act to add the following as an allowable use of a child care certificate: "as a deposit for child care services if such a deposit is required of other children being cared for by the provider."

Section 2(k)(2) amends section 658P(5)(b) of the act to revise the definition of relative child care provider by adding great-grandchild and sibling (if the provider lives in a separate residence) to the list of eligible children—by striking the requirement that such providers be registered—and by requiring such providers to comply with any "applicable" requirements governing child care provided by a relative, instead of any "State" requirements governing such care.

Section 2(l) amends the act to create a new section 658T that requires States that use any Federal funds for child care services to ensure that such services meet the requirements, standards and criteria of the CCDBG and any regulations issued under the CCDBG. These funds must be administered through a uniform State plan and, to the maximum extent practicable, shall be transferred to the lead agency and integrated into the CCDBG program.

Section 3 sets forth 5 findings relative to the importance of child care in welfare reform and efforts to move parents toward self-sufficiency and establishes the sense of the Senate that "the Federal Government has a responsibility to provide funding and leadership with respect to child care."

Section 4(a) repeals the State Dependent Care Development Grants Act.

Section 4(b) repeals the Child Development Associate Scholarship Assistance Act.

Section 4(c) directs the Secretary of HHS, after consultation with the appropriate committees of Congress and the Director of the Office of Management and Budget, to prepare and submit to Congress, within 6 months after enactment of this act, a legislative

proposal containing technical and conforming amendments that reflect the amendments and repeals made by this act.

VIII. CHANGES IN EXISTING LAW

In compliance with rule XXVI paragraph 12 of the Standing Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990

* * * * * * *

Subchapter C—Child Care and Development Block Grant

* * * * * * *

SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

[There are authorized to be appropriated to carry out this subchapter, $750,000,000 for fiscal year 1991, $825,000,000 for fiscal year 1992, $925,000,000 for fiscal year 1993, and such sums as may be necessary for each of the fiscal years 1994 and 1995.]

There are authorized to be appropriated to carry out this subchapter $1,000,000,000 for fiscal year 1996; and such sums as necessary for each of the fiscal years 1997 through 2000.

* * * * * * *

SEC. 658D. LEAD AGENCY.

* * * * * * *

(b) DUTIES.—

(1) * * *

(A) administer, directly or through other [State] *governmental or nongovernmental* agencies, the financial assistance received under this subchapter by the State;

* * * * * * *

(C) in conjunction with the development of the State plan as required under subparagraph (B), hold at least one hearing in the State *with sufficient time and Statewide distribution of the notice of such hearing* to provide to the public an opportunity to comment on the provision of child care services under the State plan; and

* * * * * * *

(2) DEVELOPMENT OF PLAN.—In the development of the State plan described in paragraph (1)(B), the lead agency shall consult with appropriate representatives of units of general purpose local government. [Such consultations may include consideration of local child care needs and resources, the effectiveness of existing child care and early childhood development services, and the methods by which funds made available under this subchapter can be used to effectively address local shortages.]

SEC. 658E. APPLICATION AND PLAN.

* * * * * * *

(b) PERIOD COVERED BY PLAN.—The State plan contained in the application *under subsection* (a) shall be designed to be [implemented—

[(1) during a 3-year period for the initial State plan; and

[(2) during a 2-year period for subsequent State plans.] *implemented during a 2-year period.*

(c) * * *

* * * * * * *

(2) * * *

(A) * * *

* * * * * * *

(iii) child care certificates offered to parents selecting the option described in clause (i)(II) shall be of a value commensurate with the subsidy value of child care services provided under the option described in clause (i)(I).

[except that nothing in this subparagraph shall require a State to have a child care certificate program in operation prior to October 1, 1992.]

* * * * * * *

(E) * * *

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[(ii) providers within the State that are not required to be licensed or regulated under State or local law are required to be registered with the State prior to payment being made under this subchapter, in accordance with procedures designed to facilitate appropriate payment to such providers, and to permit the State to furnish information to such providers, including information on the availability of health and safety training, technical assistance, and any relevant information pertaining to regulatory requirements in the State. and that such providers shall be permitted to register with the State after selection by the parents of eligible children and before such payment is made.]

(ii) the State will implement mechanisms to ensure that appropriate payment mechanisms exist so that proper payments under this subchapter will be made to providers within the State and to permit the State to furnish information to such providers. In lieu of any licensing and regulatory requirements applicable under State and local law, the Secretary, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards (that appropriately reflect tribal needs and available resources) that shall be applicable to Indian tribes and tribal organization receiving assistance under this subchapter.

* * * * * * *

[(H) REDUCTION IN STANDARDS.—Provide assurances that if the State reduces the level of standards applicable to child care services provided in the State on the date of enactment of this subchapter, the State shall inform the Secretary of the rationale for such reduction in the annual report of the State described in section 658K.

[(I) REVIEW OF STATE LICENSING AND REGULATORY REQUIREMENTS.—Provide assurances that not later than 18 months after the date of the submission of the application under section 658E, the State will complete a full review of the law applicable to, and the licensing and regulatory requirements and policies of, each licensing agency that regulates child care services and programs in the State unless the State has reviewed such law, requirements, and policies in the 3-year period ending on the date of the enactment of this subchapter.]

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(3) USE OF BLOCK GRANT FUNDS.—

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(C) ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE [AND TO INCREASE THE AVAILABILITY OF EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL CARE SERVICES].—The State shall reserve [25] *15* percent of the amounts provided to the State for each fiscal year under this subchapter to carry out activities designed to improve the quality of child care (as described in section 658G) [and to provide before-and after-school and early childhood development services (as described in section 658H)].

(D) LIMITATION ON ADMINISTRATIVE COSTS.—Not more than 5 percent of the aggregate amount of payments received under this subchapter by a State in each fiscal year may be expended for administrative costs incurred by such State to carry out all its functions and duties under this subchapter.

* * * * * * *

(5) SLIDING FEE SCALE.—The State plan shall provide that the State will establish and periodically revise, by rule, a sliding fee scale that provides for cost sharing by the families that receive child care services for which assistance is provided under this subchapter *and that ensures a representative distribution of funding among the working poor and recipients of Federal welfare assistance.*

* * * * * * *

SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

[A state] *(a)* IN GENERAL.—*A State* that receives financial assistance under this subchapter shall use [not less than 20 percent of] the amounts reserved by such State under section 658E(c)(3)(C) for each fiscal year for [one or more of the following]: *carrying out the resource and referral activities described in subsection (b), and for one of more of the activities described in subsection (c).*

[(1) RESOURCE AND REFERRAL PROGRAMS.—Operating] *(b) RESOURCE AND REFERRAL PROGRAMS.—The activities described in this subsection are operating* directly or providing financial assistance to private nonprofit organizations or public organizations (including units of general purpose local government) for the development, establishment, expansion, operation, and coordination of resource and referral programs specifically related to child care, *including providing comprehensive consumer education to parents and the public, referrals that honor parental choice, and activities designed to improve the quality and availability of child care.*

(c) OTHER ACTIVITIES.—*The activities described in this section are the following:*

[(2)] *(1)* GRANTS OR LOANS TO ASSIST IN MEETING STATE AND LOCAL STANDARDS.—Making grants or providing loans to child care providers to assist such providers in meeting applicable State and local child care standards.

[(3)] *(2)* MONITORING OF COMPLIANCE WITH LICENSING AND REGULATORY REQUIREMENTS.—Improving the monitoring of compliance with, and enforcement of, State and local licensing and regulatory requirements (including registration requirements).

[(4)] *(3)* TRAINING.—Providing training and technical assistance in areas appropriate to the provision of child care services, such as training in health and safety, nutrition, first aid, the recognition of communicable diseases, child abuse detection and prevention, and the care of children with special needs.

[(5)] *(4)* COMPENSATION.—Improving salaries and other compensation paid to full- and part-time staff who provide child care services for which assistance is provided under this subchapter.

(5) BEFORE- AND AFTER-SCHOOL ACTIVITIES.—Increasing the availability of before- and after-school care.

(6) INFANT CARE.—Increasing the availability of child care for infants under the age of 18 months.

(7) NONTRADITIONAL WORK HOURS.—Increasing the availability of child care between the hours of 5:00 p.m. and 8:00 a.m.

(d) NONDISCRIMINATION.—With respect to child care providers that comply with applicable State law but which are otherwise not required to be licensed by the State, the State, in carrying out this section, may not discriminate against such a provider if such provider desires to participate in resource and referral activities carried out under subsection (b).

[SEC. 658H. EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL SERVICES.

[(a) IN GENERAL.—A State that receives financial assistance under this subchapter shall use not less than 75 percent of the amounts reserved by such State under section 658E(c)(3)(C) for each fiscal year to establish or expand and conduct, through the provision of grants or contracts, early childhood development or before- and after-school child care programs, or both.

[(b) PROGRAM DESCRIPTION.—Programs the receive assistance under this section shall—

[(1) in the case of early childhood development programs, consist of services that are not intended to serve as a substitute for a compulsory academic programs but that are intended to provide an environment that enhances the educational, social, cultural emotional, recreational development of children; and

[(2) in the case of before- and after-school child care programs—

[(A) be provided Monday through Friday, including school holidays and vacation periods other than legal public holidays, to children attending early childhood development programs, kindergarten, or elementary or secondary school classes during such times of the day and on such days that regular instructional services are not in session; and

[(B) not be intended to extend or replace the regular academic program.

[(c) PRIORITY FOR ASSISTANCE.—In awarding grants and contracts under this section, the State shall give the highest priority to geographic areas within the State that are eligible to receive grants under section 1006 of the Elementary and Secondary Education Act of 1965, and shall then give priority to—

[(1) any other areas with concentrations of poverty; and

[(2) any areas with very high or very low population densities.]

SEC. 6581. ADMINISTRATION AND ENFORCEMENT.

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(b) ENFORCEMENT.—

* * * * * * *

(2) NONCOMPLIANCE.—

(A) * * *

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(ii) * * *

the Secretary shall notify the State of the [finding and that no further payments may be made to such State under this subchapter (or, in the case of noncompliance in the operation of a program or activity, that no further payments to the State will be made with respect to such program or activity) until the Secretary is satisfied that there is no longer any such failure to comply or that the noncompliance will be promptly corrected.] *finding and may impose additional program requirements on the State, including a requirement that the State reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized by this subchapter, that the Secretary deduct from the administrative portion of the State allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options.*

[(B) ADDITIONAL SANCTIONS.—In the case of a finding of noncompliance made pursuant to subparagraph (A), the Secretary may, in addition to imposing the sanctions de-

scribed in such subparagraph, impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this subchapter, and disqualification from the receipt of financial assistance under this subchapter.

[(C) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional sanction being imposed under subparagraph (B).]

* * * * * * *

SEC. 658K. [ANNUAL REPORT] *REPORTS AND AUDITS.*

(A) [ANNUAL REPORT] *REPORTS.*—Not later than [December 31, 1992, and annually thereafter] *December 31, 1996, and every 2 years thereafter,* a State that receives assistance under this subchapter shall prepare and submit to the Secretary a report—

* * * * * * *

(2) * * *

(A) the number of children being assisted with funds provided under this subchapter, and under other Federal child care and pre-school programs *and the types of child care programs under which such assistance is provided;*

[(B) the type and number of child care programs, child care providers, caregivers, and support personnel located in the State;]

[(C)] *(B)* salaries and other compensation paid to full- and part-time staff who provide child care services; and

[(D)] *(C)* activities in the State to encourage public-private partnerships that promote business involvement in meeting child care needs;

* * * * * * *

[(4) if applicable, describing, in either the first or second such report, the findings of the review of State licensing and regulatory requirements and policies described in section 658E(c), including a description of actions taken by the State in response to such reviews;]

[(5)] *(4)* containing an explanation of any State action, in accordance with section 658E, to reduce the level of child care standards in the State, if applicable; [and]

[(6)] *(5)* describing the standards and health and safety requirements applicable to child care providers in the State, including a description of State efforts to improve the quality of child care; *and*

(6) describing the extent and manner to which the resource and referral activities are being carried out by the State;

* * * * * * *

SEC. 658L. REPORT BY SECRETARY.

Not later than July 31, [1993] *1997,* and [annually] *bi-annually* thereafter, the Secretary shall prepare and submit to the Committee on [Education and Labor] *Economic and Educational Opportunities* of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report that contains a summary and analysis of the data and information provided to the Sec-

retary in the State reports submitted under section 658K. Such report shall include an assessment, and where appropriate, recommendations for the Congress concerning efforts that should be undertaken to improve the access of the public to quality and affordable child care in the United States.

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SEC. 658O. AMOUNTS RESERVED; ALLOTMENTS.

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(c) PAYMENTS FOR THE BENEFIT OF INDIAN CHILDREN.—

* * * * * * *

(6) CONSTRUCTION OR RENOVATION OF FACILITIES.—

(A) REQUEST FOR USE OF FUNDS.—An Indian tribe or tribal organization may submit to the secretary a request to use amounts provided under this subsection for construction or renovation purposes.

(B) DETERMINATION.—With respect to a request submitted under subparagraph (A), and except as provided in subparagraph (C), upon a determination by the Secretary that adequate facilities are not otherwise available to an Indian tribe or tribal organization to enable such tribe or organization to carry out child care programs in accordance with this subchapter, and that the lack of such facilities will inhibit the operation of such programs in the future, the Secretary may permit the tribe or organization to use assistance provided under this subsection to make payments for the construction or renovation of facilities that will be used to carry out such programs.

(C) LIMITATION.—The Secretary may not permit an Indian tribe or tribal organization to use amounts provided under this subsection for construction or renovation if such use will result in a decrease in the level of child care services provided by the tribe or organization as compared to the level of such services provided by the tribe or organization in the fiscal year preceding the year for which the determination under subparagraph (A) is being made.

(D) UNIFORM PROCEDURES.—The Secretary shall develop and implement uniform procedures for the solicitation and consideration of requests under this paragraph.

* * * * * * *

(e) REALLOTMENTS.—

(1) IN GENERAL.—[Any] *Except as provided in paragraph (4), any* portion of the allotment under subsection (b) to a State that the Secretary determines is not required to carry out a State plan approved under section 658E(d), in the period for which the allotment is made available, shall be reallotted by the Secretary to other States in proportion to the original allotments to the other States.

* * * * * * *

(4) INDIAN TRIBES OR TRIBAL ORGANIZATIONS.—Any portion of a grant or contract made to a Indian tribe or tribal organization under subsection (c) that the Secretary determines is not

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being used in a manner consistent with the provision of this subchapter in the period for with the grant or contract is made available, shall be reallocated by the Secretary to other tribes or organization that have submitted applications under subsection (c) in proportion to the original allocations to such tribes or organizations.

* * * * * * *

SEC. 658P. DEFINITIONS.

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(2) CHILD CARE CERTIFICATE.—The term "child care certificate" means a certificate (that may be a check or other disbursement) that is issued by a State or local government under this subchapter directly to a parent who may use such certificate only as payment for child care services *or as a deposit for child care services if such a deposit is required of other children being cared for by the provider.* Nothing in this subchapter shall preclude the use of such certificates for sectarian child care services if freely chosen by the parent. For purposes of this subchapter, child care certificates shall not be considered to be grants or contracts.

* * * * * * *

(4) * * *

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(B) whose family income does not exceed **[**75**]** *100* percent of the State median income for a family of the same size; and

* * * * * * *

(5) * * *

* * * * * * *

(B) a child care provider that is 18 years of age or older who provides child care services only to eligible children who are, by affinity or consanguinity, or by court decree, the grandchild, *great grandchild, sibling (if the provider lives in a separate residence),* niece, or nephew of such provider, if such provider [is registered and] complies with any **[**State**]** *applicable* requirements that govern child care provided by the relative involved.

* * * * * * *

SEC. 658T. APPLICATION TO OTHER PROGRAMS.

Notwithstanding any other provision of law, a State that uses funding for child care services under any Federal program shall ensure that activities carried out using such funds meet the requirements, standards, and criteria of this subchapter and the regulations promulgated under this subchapter. Such sums shall be administered through a uniform State plan. To the maximum extent practicable, amounts provided to a State under such programs shall

be transferred to the lead agency and integrated into the program established under this subchapter by the State.

* * * * * * *

[STATE DEPENDENT CARE DEVELOPMENT GRANTS ACT

[Subchapter E—Grants to States for Planning and Development of Dependent Care Programs and for Other Purposes

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 670A. For the purpose of making allotments to States to carry out the activities described in section 670D, there is authorized to be appropriated $13,000,000 for fiscal year 1995.

[ALLOTMENTS

[SEC. 670B. (a) From the amounts appropriated under section 6701A for each fiscal year, the Secretary shall allot to each State an amount which bears the same ratio to the total amount appropriated under such section for such fiscal year as the population of the State bears to the population of all States, except that no State may receive less than $50,000 in each fiscal year.

[(b) For the purpose of the exception contained in subsection (a), the term "State" does not include Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Commonwealth of the Northern Mariana Islands.

[PAYMENTS UNDER ALLOTMENTS TO STATES

[SEC. 670C. The Secretary shall make payment, as provided by section 6503(a) of title 31, United States Code, to each State from its allotment under section 670B from amounts appropriated under section 670A.

[USE OF ALLOTMENTS

[SEC. 670D. (a)(1) Subject to the provisions of subsections (c) and (d), amounts paid to a State under section 670C from it allotment under section 670B may be used for the planning, development, establishment, operation, expansion, or improvement by the States, directly or by grant or contract with public or private entities, of State and local resource and referral systems to provide information concerning the availability, types, costs, and locations of dependent care services. The information provided by any such system may include—

[(A) the types of dependent care services available, including services provided by individual homes, religious organizations, community organizations, employers, private industry, and public and private institutions;

[(B) the cost of available dependent care services;

[(C) the locations in which dependent care services are provided;

[(D) the forms of transportation available to such locations;

[(E) the hours during which such dependent care services are available;

[(F) the dependents eligible to enroll for such dependent care services; and

[(G) any resource and referral system planned, developed, established, expanded, or improved with amounts paid to a State under this subchapter.

[(2) The State, with respect to the uses of funds described in paragraph (1) of this subsection shall—

[(A) provide assurances that no information will be included with respect to any dependent care services which are not provided in compliance with the laws of the State and localities in which such services are provided; and

[(B) provide assurances that the information provided will be the latest information available and will be kept up to date.

[(b)(1) Subject to the provisions of subsections (c) and (d), amounts paid to a State under section 670C from its allotment under section 670B may be used for the planning development, establishment, operation, expansion, or improvement by the States, directly, or by grant or contract, with public agencies or private non-profit organizations of programs to furnish school-age child care services before and after school. Amounts so paid to a State and used for the operation of such child care services shall be designed to enable children, whose families lack adequate financial resources, to participate in before or after school child care programs.

[(2) The State, with respect to the uses of funds described in paragraph (1) of this subsection shall—

[(A) provide assurances, in the case of an applicant that is not a State or local educational agency, that the applicant has or will enter into an agreement with the State or local educational agency, institution of higher education or community center containing provisions for—

[(i) the use of facilities for the provision of before or after school child care services (including such use during holidays and vacation periods),

[(ii) the restrictions, if any, on the use of such space, and

[(iii) the times when the space will be available for the use of the applicant;

[(B) provide an estimate of the costs of the establishment of the child care service program in the facilities;

[(C) provide assurances that the parents of school-age children will be involved in the development and implementation of the program for which assistance is sought under this Act;

[(D) provide assurances that the applicant is able and willing to seek to enroll racially, ethnically, and economically diverse school-age children, as well as handicapped school-age children, in the child care service program for which assistance is sought under this Act 1;

[(E) provide assurances that the child care program is in compliance with State and local child care licensing laws and regulations governing day care services for school-age children to the extent that such regulations are appropriate to the age group served; and

[(F) provide such other assurance as the chief executive officer of the State may reasonably require to carry out this Act.

[(c)(1) Except as provided in paragraph (2), of the allotment to each State in each fiscal year—

[(A) 40 percent shall be available for the activities described in subsection (a); and

[(B) 60 percent shall be available for the activities described in subsection (b).

[(2) For any fiscal year the Secretary may waive the percentage requirements specified in paragraph (1) on the request of a State if such State demonstrates to the satisfaction of the Secretary—

[(A) that the amount of funds available as a result of one of such percentage requirements is not needed in such fiscal year for the activities for which such amount is so made available; and

[(B) the adequacy of the alternative percentages, relative to need, the State specifies the State will apply with respect to all of the activities referred to in paragraph (1) if such waiver is granted.

[(d) A State may not use amounts paid to it under this subchapter to—

[(1) make cash payments to intended recipient of dependent care services including child care services;

[(2) pay for construction or renovation; or

[(3) satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds.

[(e)(1) The Federal share of any project supported under this subchapter shall be not more than 75 percent.

[(2) Not more than 10 percent of the allotment of each State under this subchapter may be available for the cost of administration.

[(f) Project supported under this section to plan, develop, establish, expand, operate, or improve a State or local resource and referral system or before or after school child care program shall not duplicate any services which are provided before the date of the enactment of this subchapter, by the State or locality which will be served by such system.

[(g) The Secretary may provide technical assistance to States in planning and carrying out activities under this subchapter.

[APPLICATION AND DESCRIPTION OF ACTIVITIES; REQUIREMENTS

[Sec. 670E. (a)(1) In order to receive an allotment under section 670B, each State shall submit an application to the Secretary. Each such application shall be in such form and submitted by such date as the Secretary shall require.

[(2) Each application required under paragraph (1) for an allotment under section 670B shall contain assurances that the State will meet the requirements of subsection (b).

[(b) As part of the annual application required by subsection (a), the chief executive officer of each State shall—

[(1) certify that the State agrees to use the funds allotted to it under section 670B in accordance with the requirements of this subchapter; and

[(2) certify that the State agrees that Federal funds made available under section 670C for any period will be so used as to supplement and increase the level of State, local, and other non-Federal funds that would in the absence of such Federal funds be made available for the programs and activities for which funds are provided under that section and will in no event supplant such State, local, and other non-Federal funds.

[The Secretary may not prescribe for a State the manner of compliance with the requirements of this subsection.

[(c)(1) The chief executive officer of a State shall, as part of the application required by subsection (a), also prepare and furnish the Secretary (in accordance with such form as the Secretary shall provide) with a description of the intended use of the payments the State will receive under section 670C, including information on the programs and activities to be supported. The description shall be made public within the State in such manner as to facilitate comment from any person (including any Federal or other public agency) during development of the description and after its transmittal. The description shall be revised (consistent with this section) until September 30, 1991, as may be necessary to reflect substantial changes in the programs and activities assisted by the State under this subchapter, and any revision shall be subject to the requirements of the preceding sentence.

[(2) The chief executive officer of each State shall include in such a description of—

[(A) the number of children who participated in before and after school child care programs assisted under this subchapter;

[(B) the characteristics of the children so served including age levels, handicapped condition, income level of families in such programs;

[(C) the salary level and benefits paid to employees in such child care programs; and

[(D) the number of clients served in resource and referral systems assisted under this subchapter, and the types of assistance they requested.

[(d) Except where inconsistent with the provisions of this subchapter the provisions of section 1903(b), paragraph (1) through (5) of section 1906(a), and sections 1906(b), 1907, 1908, and 1909 of the Public Health Service Act shall apply to this subchapter in the same manner as such provisions apply to part A of title XIX of such Act.

[Sec. 670F. Within three years after the date of enactment of this subchapter, the Secretary shall prepare and transmit to the Senate Committee on Labor and Human Resources and the House Committee on Education and Labor a report concerning the activities conducted by the States with amounts provided under this subchapter.

[DEFINITIONS

[Sec. 670G. For purposes of this subchapter—

[(1) the term "community center" means facilities operated by nonprofit community-based organizations for the provision

of recreational, social, or educational services to the general public;

[(2) the term "dependent" means—

[(A) an individual who has not attained the age of 17 years;

[(B) an individual who has attained the age of 55 years; or

[(C) an individual with a developmental disability;

[(3) the term "developmental disability" has the same meaning as in section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act;

[(4) the term "equipment" has the same meaning given that term by section 198(a)(8) of the Elementary and Secondary Education Act of 1965;

[(5) the term "institution of higher education" has the same meaning given that term under section 1201(a) of the Higher Education Act of 1965;

[(6) the term "local educational agency" has the same meaning given that term under section 198(a)(10) of the Elementary and Secondary Education Act of 1965;

[(7) the term "school-age children" means children aged five through thirteen, except that in any State in which by State law children at an earlier age are provided free public education, the age provided in State law shall be substituted for age five;

[(8) the term "school facilities" means classrooms and related facilities used for the provision of education;

[(9) the term "Secretary" means the Secretary of Health and Human Services;

[(10) the term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, Palau, and the Commonwealth of the Northern Mariana Islands; and

[(11) the term "State educational agency" has the meaning given that term under section 198(a)(17) of the Elementary and Secondary Education Act of 1965.

[SHORT TITLE

[Sec. 670H. This subchapter may be cited as the "State Dependent Care Development Grants Act".]

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HUMAN SERVICES REAUTHORIZATION ACT OF 1986

[TITLE VI—CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE PROGRAM

[SEC. 601. SHORT TITLE.

[This title may be cited as the "Child Development Associate Scholarship Assistance Act of 1985".

[SEC. 602. GRANTS AUTHORIZED.

[The Secretary is authorized to make a grant for any fiscal year to any State receiving a grant under title XX of the Social Security Act for such fiscal year to enable such State to award scholarships to eligible individuals within the State who are candidates for the Child Development Associate credential.

[SEC. 603. APPLICATIONS.

[(a) APPLICATION REQUIRED.—A State desiring to participate in the grant program established by this title shall submit an application to the Secretary in such form as the Secretary may require.

[(b) CONTENTS OF APPLICATIONS.—A State's application shall contain appropriate assurances that—

[(1) scholarship assistance made available with funds provided under this title will be awarded—

[(A) only to eligible individuals;

[(B) on the basis of the financial need of such individuals; and

[(C) in amounts sufficient to cover the cost of application, assessment, and credentialing (including, at the option of the State, any training necessary for credentialing) for the Child Development Associate credential for such individuals;

[(2) not more than 35 percent of the funds received under this title by a State may be used to provide scholarship assistance under paragraph (1) to cover the cost of training described in paragraph (1)(C); and

[(3) not more than 10 percent of the funds received by the State under this title will be used for the costs of administering the program established in such State to award such assistance.

[(c) EQUITABLE DISTRIBUTION.—In making grants under this title, the Secretary shall—

[(1) distribute such grants equitably among States; and

[(2) ensure that the needs of rural and urban areas are appropriately addressed.

[SEC. 604. DEFINITIONS.

[For purposes of this title—

[(1) the term "eligible individual" means a candidate for the Child Development Associate credential whose income does not exceed the 130 percent of the lower living standard income level, by more than 50 percent;

[(2) the term "lower living standard income level" means that income level (adjusted for regional, metropolitan, urban, and rural differences and family size) determined annually by the Secretary of Labor and based on the most recent lower living family budget issued by the Secretary of Labor;

[(3) the term "Secretary" means the Secretary of Health and Human Services; and

[(4) the term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Marshall Islands, the Federated States of Micronesia, and Palau.

[SEC. 605. ADMINISTRATIVE PROVISIONS.

[(a) REPORTING.—Each State receiving grants under this title shall annually submit to the Secretary information on the number of eligible individuals assisted under the grant program, and their positions and salaries before and after receiving the Child Development Associate credential.

[(b) PAYMENTS.—Payments pursuant to grants made under this title may be made in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments, as the Secretary may determine.

[SEC. 606. AUTHORIZATION OF APPROPRIATIONS

[There are authorized to be appropriated to carry out this title such sums as may be necessary for fiscal year 1995.]

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